



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93954; File No. SR-MEMX-2021-20]

Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 15.1(e) Regarding FINRA Registration and Processing Fees

January 12, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 29, 2021, MEMX LLC (“MEMX” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

(a) The Exchange is filing with the Commission a proposed rule change to amend Exchange Rule 15.1(e) to reflect adjustments to the Financial Industry Regulatory Authority, Inc. (“FINRA”) Registration and Processing Fees related to the Central Registration Depository System (“CRD system”), which will be collected by FINRA. While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on January 3, 2022.³ The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 90176 (October 14, 2020), 85 FR 66592 (October 20, 2020) (SR-FINRA-2020-032) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adjust FINRA Fees To Provide Sustainable Funding for FINRA’s Regulatory Mission) (the “FINRA Fee Filing”).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Today, Exchange Rule 15.1(e) provides a list of FINRA Registration and Processing Fees that will be collected and retained by FINRA via the CRD system. The Exchange does not collect or retain these fees. The Exchange is proposing to amend Exchange Rule 15.1(e) to reflect adjustments to FINRA's Registration and Processing Fees related to the CRD system.⁴ FINRA charges a single fee to register any representative or principal of a member firm in the CRD system irrespective of if the member firm is also a member of FINRA. Because FINRA separately collects the CRD system fee for any Member⁵ that is also a FINRA member,⁶ this fee filing only applies to Members who are not FINRA members.

Effective January 3, 2022, FINRA is increasing the fee it charges for each initial Form U4 filed for the registration of a representative or principal of any firm registered in

⁴ The CRD system is the central licensing and registration system for the U.S. securities industry. The CRD system enables individuals and firms seeking registration with multiple states and self-regulatory organizations to do so by submitting a single form, fingerprint card and a combined payment of fees to FINRA. Through the CRD system, FINRA maintains the qualification, employment and disciplinary histories of registered associated persons of broker dealers.

⁵ See Exchange Rule 1.5(p).

⁶ Members that are also FINRA members are charged CRD system fees according to Section (4) of Schedule A to the FINRA By-Laws.

the CRD system from \$100 to \$125.⁷ Accordingly, the Exchange is proposing to update Exchange Rule 15.1(e) to reflect the new \$125 CRD system fee that will take effect starting January 3, 2022. Because these costs are borne by FINRA when a non-FINRA member uses the CRD system, FINRA will continue to collect and retain these fees for the registration of associated persons of Members that are not also FINRA members.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁸ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. All similarly situated Members are subject to the same fee structure, and every Member firm must use the CRD system for registration and disclosure.

The proposed fee is reasonable because it is identical to the fee adopted by FINRA for use of the CRD system for disclosure and the registration of associated persons of FINRA members.¹⁰ Thus, the Exchange Rule 15.1(e) will reflect the current registration rate that will be assessed by FINRA as of January 3, 2022 for any Members that are not also FINRA members. The Exchange also believes the proposed fee change is reasonable, because, as noted in the FINRA Fee Filing, FINRA is increasing the CRD system fees to provide enough revenue to support its regulatory mission.¹¹ Notably, FINRA has not increased CRD system fees since 2012.¹²

⁷ See supra note 3.

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(4) and (5).

¹⁰ See supra note 3.

¹¹ See supra note 3.

¹² See supra note 3.

The Exchange believes that its proposal to increase the \$100 fee for each initial Form U4 filed for the registration of a representative or principal to \$125 is equitable and not unfairly discriminatory because the equivalent fees will be charged by FINRA of all users of the CRD system, whether or not they are FINRA members. Therefore, all users of the CRD system will equally bear the cost of maintaining the system.¹³

FINRA further noted its belief that the proposed fees are reasonable because they help to ensure the integrity of the information in the CRD system, which is important because the Commission, FINRA, other self-regulatory organizations and state securities regulators use the CRD system to make licensing and registration decisions, among other things.¹⁴

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed fees will result in the same regulatory fees being charged to all Members required to report information to the CRD system and for services performed by FINRA, regardless of whether or not such Members are FINRA members.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section

¹³ See supra note 3.

¹⁴ See supra note 3.

19(b)(3)(A)(ii) of the Act¹⁵ and Rule 19b-4(f)(2)¹⁶ thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MEMX-2021-20 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MEMX-2021-20. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

¹⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁶ 17 CFR 240.19b-4(f)(2).

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MEMX-2021-20 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

J. Matthew DeLesDernier,
Deputy Secretary.

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¹⁷ 17 CFR 200.30-3(a)(12).